



Senior Level Steering Group Senior Assessment Team



FY 2010, 4th Quarter Meeting

Thursday, July 15, 2010

1300-1400

Pentagon Conference Center

Room B2



Agenda

- Schedule of Completed/Upcoming Events
- Material Weaknesses not incorporated in SOA
- FY 10 ASOA Review and Approval
- FY 10 Milestones
- Way Ahead



FY10 Completed Events

	DATE	EVENT	OPR
✓	Thursday, October 29, 2009	1Q Senior Level Steering Group (SLSG)/ Senior Assessment Team (SAT)	SLSG
✓	Monday - Tuesday November 23-24 2009	OSD FY10 MICP Training Conference (Navy Yard)	OSD-Comptroller
✓	Thursday, December 17, 2009	ARRA Risk Assessment/Gap Analysis, Risk Profile and Risk Mitigation Strategy quarterly report updates	SAFM-FO
✓	Friday, December 18, 2009	SAT Memorandum, SAT Membership and Charter, Organization Chart, Ethics Policy, Process Flows and Narratives	SAFM-FO
✓	Thursday, January 7, 2010	MICP VTC	SAFM-FO
✓	Thursday, January 14, 2010	2Q Senior Level Steering Group (SLSG)/ Senior Assessment Team (SAT)	SLSG
✓	Tuesday, March 02, 2010	SAT Memorandum, Risk Assessment, Federal Information Security Management Act (FISMA) Report, and List of Auditor Identified Weaknesses	SAFM-FO
✓	Monday, March 08, 2010	ARRA Risk Assessment/Gap Analysis, Risk Profile and Risk Mitigation Strategy quarterly report updates	SAFM-FO
✓	Tuesday, April 6, 2010	MICP VTC	SAFM-FO
✓	Thursday, April 22, 2010	3Q Senior Level Steering Group (SLSG)/ Senior Assessment Team (SAT)	SLSG



FY10 Completed Events

	DATE	EVENT	OPR
✓	Monday, May 17, 2010	Annual statements from Army Commands (ACOMs), Army Service Component Commands (ASCCs) and Direct Reporting Units (DRUs) due to OASA (FM&C)	Commands
✓	Tuesday, June 01, 2010	Annual statements from HQDA Principals due to OASA (FM&C)	HQDA Principal Staff
✓	Monday, June 07, 2010	ARRA Risk Assessment/Gap Analysis, Risk Profile and Risk Mitigation Strategy quarterly report updates	SAFM-FO
✓	Tuesday, June 22, 2010	MICP VTC	SAFM-FO
✓	Tuesday, June 29, 2010	Draft Army statement delivered to HQDA SLSG/SAT members for coordination	SAFM-FO
✓	Friday, July 09, 2010	HQDA SLSG/SAT member comments on draft Army statement due to OASA (FM&C)	HQDA Principal Staff
	Thursday, July 15, 2010	SAT Memorandum that provides Assurance, ICOFR SOA Tabs, and Control Assessments	SAFM-FO
	Thursday, July 15, 2010	4Q Senior Level Steering Group (SLSG)/ Senior Assessment Team (SAT)	SLSG
	Wednesday, August 18, 2010	Final signed Army statement delivered to the Secretary of Defense (Due 1 Sep 2010)	SAFM-FO
	Tuesday, September 07, 2010	ARRA Risk Assessment/Gap Analysis, Risk Profile and Risk Mitigation Strategy quarterly report updates	SAFM-FO



FY 10 Material Weaknesses Submitted for Review Not Incorporated in the Army Statement

- AMC: USAMC-10-001, Contracting SEC/Special Access Programs (SAP) Oversight
 - Weakness states: Little or no oversight of SEC and SAP through Program Management Reviews or Contract Management Reviews
 - Forwarded to ASA (ALT) – The weakness will be resolved by AMC & DASA (P). Tentative corrective action plan discussed with Director of ASA(ALT) Special Projects Office.
- ARNORTH G-3/G6: ARNORTH-2010-001, Theater Signal Enabler
 - Weakness states: Lack of signal capability in in USNORTHCOM
 - G-3 evaluation determined this was not an internal control weakness, but a resourcing issue.
 - G-6 evaluation also recommended it not be included, and an adjustment to operational relationships should be sought through the Army Campaign Process, not the internal control program
- SMDC: 2010-01, Government Property Accountability – Lack of personnel
 - Weakness states: Lack of personnel, not staffed to provide adequate oversight required by Army doctrine
 - G-4 evaluation response indicated this was not an internal control issue, but a personnel issue that should be addressed through other channels
- OCAR G3/G1: #CAPOC-09-01, Challenges Meeting Requests for Forces
 - Weakness states: USACAPOC is experiencing serious challenges producing quality mid-level Civil Affairs Officers/Enlisted in pace with the demand for CA Forces
 - G3 response indicated this was not an internal control weakness issue, but a personnel staffing issue
 - Forwarded to G1 for review, response said this was not a G1 issue, but an issue for G3



FY 10 Material Weaknesses Submitted for Review Not Incorporated in the Army Statement

- NGB G4/G8: ARNG Equipment Tracking (Prior year submission, but requesting elevation to OSD)
 - Weakness states: The ARNG cannot readily and accurately determine when and in what quantity new equipment is delivered to ARNG units and what year and appropriation procured the equipment.
 - G4 responded this issue should be forwarded to G8
 - G8 recommended the weakness not be elevated. The response stated that although current systems do not easily provide the required information, it is possible, with the proper knowledge and training, to determine what new equipment is delivered to ARNG units and how it was funded. Solutions are being worked and systems currently in development will eliminate the weakness.



10 ASOA

- Draft statement was distributed to SLSG members on June 29, 2010
- Feedback was requested by July 9, 2010



Areas of Concern

Army National Guard Equipment Tracking

The Army National Guard continues to raise concerns of visibility over delivery of new equipment to the National Guard units and how equipment is funded. The Army addresses these issues in the following three material weaknesses:

- Reporting of New Equipment in Transit
- General Property Plant and Equipment, Military Equipment
- General Property Plant and Equipment, General Equipment

Resolution of these issues will correct the condition raised by the Army National Guard.

The Army's intent is to simplify the processes and procedures and couple them with new materiel solutions in order to have a single means to ensure the required information is in one place.

In addition the Army is improving management processes to gain visibility and transparency through the Transparency Lean Six Sigma Project



Areas of Concern

Arlington National Cemetery

The U.S. Army Inspector General inspected Arlington National Cemetery from 17 August 2009 to 28 January 2010, at direction of then Secretary of the Army Pete Geren. The inspection focused on three objectives:

- Assess policy and procedures for operation of Arlington National Cemetery (ANC.)
- Assess management, administration and coordination processes as well as training of personnel involved with operation of ANC.
- Assess the effectiveness, coordination, and synergy of command and leadership structures and other entities involved in the operation of ANC and attendant activities.

In November 2009, I expanded this directive to include two additional objectives:

- Assess ANC's compliance with Army information assurance requirements.
- Assess contracting procedures at ANC.

The inspection report resulted in 76 findings and 101 recommendations. Some of these findings are repeat deficiencies from a 1997 Military District of Washington, Inspector General Inspection of ANC. I am concerned with the effective management and control of the ANC, and have established a special Task Force to assess the findings identified by the Army Inspector General in a broader scale to determine the magnitude of the problem and to develop the appropriate corrective actions.



10 ASOA Highlights

- 4 Open Material Weaknesses from FY09
 - Reporting of New Equipment In-Transit – scheduled for closure 3rd Qtr FY10, will slip to 3rd Qtr FY12
 - Oversight of Service Contracts – scheduled for closure 4th Qtr FY10, will slip to 2nd Qtr FY12
 - Expeditionary Contracting - scheduled for closure 2nd Qtr FY11 will slip to 3rd Qtr FY14
 - Logistics Asset Visibility and Accountability – on track to close 1st Qtr FY11, earlier than target of 4th Qtr FY11
- Army opened one new FMFIA material weaknesses
 - Reporting Accurate Obligations for the PCS Program
- Army reopened one ICOFR material weakness in General Fund and Working Capital Fund - Contingency Payment Audit Trails (closed in error on FY09 SOA)
- Training – Over 16,000 personnel received MICP training Army-wide
 - Developed and posted a 6 Module CBT to the Army Learning Management System



FY10 ASOA Highlights

Internal Control Program and Related Accomplishments

- Improved Equipment Survey Program
- Implemented Excess Management and Reduction Policy resulting in a cost saving of over \$110M
- Closed 35 unimplemented audit recommendations within OACSIM
- Implemented digital dashboard for use by OACSIM senior leadership
- Improved financial and logistics systems interfaces in the Funds Control Module
- Monitored and expanded the Army's Joint Reconciliation Program
- Continued to enforce usage of Defense Travel System
- Continued to enhance timely closure of Antideficiency Act cases
- Improved incentives for Army installations to conserve energy with establishment of Army policy for identifying, retaining, and using energy savings in extended year accounts
- Continued the improvement of overall pay support to Wounded Warriors and families
- Implemented a risk-based approach to executing the Environmental Performance and Assessment System (EPAS) resulting in decreased the funding requirements for CONUS installation assessments



FY 10 ASOA Highlights (cont'd)

Internal Control Program and Related Accomplishments

- Increased HQDA Visibility of Army-wide Installation Reimbursement Transactions
- Successful execution of the 2009 American Recovery and Reinvestment Act (ARRA) Program for two Warrior Transition Units and 7 Child Development Centers
- Modernized Real Property Planning and Analysis System RPLANS – producing a cost avoidance of approximately \$573,000 per year and providing more timely and accurate data
- Enhanced the process of allocating equipment to Coalition Forces
- Improved the PEO Chartering process
- Enhanced readiness reporting through use of Logistics Execution Information System
- Improved VA / DOD and Third Party Collections (TPC) Other Health Insurance processes
- Expanded Antiterrorism efforts, to include the revised Army Antiterrorism Strategic Plan and Army Antiterrorism month
- Improved equipment turn-in performance through establishment of monthly VTCs



Expeditionary Contracting

Description: The Army's acquisition workforce is not adequately staffed, trained, structured, or empowered to meet the Army needs. The contracting process is not treated as a core competency. Audit reports conclude that internal controls to mitigate risks in the contracting process are ineffective or

Date	Task Description	OPR	Status
3 rd Qtr FY 09	Conduct Unit Self Inspection utilizing the Management Control Evaluation Checklist	ASA(ALT)	Done. AFARS rewritten. Appendix BB now includes internal control checklists for use by units. Conducted representative unit sample to validate checklist.
3 rd Qtr FY 10	Identify subtasks to resolve material weakness and lay out milestone schedule for their completion	ASA(ALT)	
4 th Qtr FY 10	Ongoing Independent Review (IR) /Program Management Review team compliance reviews	ASA(ALT)	
3 rd Qtr FY 11	Review and assess corrective action progress for prior FY. Validate subtask completion for accuracy and completeness. Request IR validation of subtask completion.	ASA(ALT)	
3 rd Qtr FY 12	Review and assess corrective action progress for prior FY. Validate subtask completion for accuracy and completeness. Request IR validation of subtask completion.	ASA(ALT)	Request to be made 6 to 9 months prior to internal review completion.
4 th Qtr FY 13	Request USAAA audit	DASA(P)	
2 nd Qtr FY14	USAAA validation audit commences	USAAA	
3 rd Qtr FY 14 3 rd Qtr FY 14	USAAA provides audit results. Material weakness is closed.	USAAA ASA(ALT)	
Targeted Correction Date : 3rd Qtr FY14			



Oversight of Service Contracts

Description: Inadequate oversight. Corrective Measures focus on training, appointment of Contracting Officers Representatives, preparation of plans and conduct of surveillance.

Date	Task Description	OPR	Status
3 rd Qtr FY10	AR 70-13 on Management and Oversight of Service Contracts	ASA(ALT)	Awaiting Army Publishing to publish document.
2 nd Qtr FY10	Leadership Focus Message	ASA(ALT)	Chief of Staff of the Army memo issued to ensure compliance by all of the Army. Action complete.
4 th Qtr FY10	Contracting Office Compliance Reviews	ASA(ALT)	FY09 data reviewed with unsatisfactory results. PDASA(P) to issue policy to ensure compliance
4 th Qtr FY10	Issue QASP policy guidance and training resources to contracting community to work towards correcting QASP portion of material weakness	ASA(ALT)	In process of finalizing materials for issuance no later than May 10. Working.
26 Apr 10	Develop revised corrective action taskers and milestones	ASA(ALT)	Complete revised milestones 26 Apr 10
4 th Qtr FY10	Finalize guidance and management tools associated with establishing a centralized COR database and COR policy that mirrors draft COR DoDI.	ASA(ALT)	Work begun.
1stQtrFY11	Assess COR compliance. Continue to monitor.	ASA(ALT)	
1stQtrFY11	Assess QASP compliance. Continue to monitor.	ASA(ALT)	
2ndQtrFY11	Request AAA audit	ASA(ALT)	
4thQtrFY11	Targeted Correction Date (Tentative): AAA conduct audit.	2nd Qtr FY	



Reporting of New Equipment In-Transit

Description: The U.S. Army lacks internal controls to adequately monitor the shipment and receipt of equipment through the Supply System resulting in unreliable data on the value reported on the U.S. Army's financial statements. This error makes it difficult to gain visibility over the total number of major items, determine maintenance requirements, and redistribute equipment. AAA and G4 restructured the weakness in 2008 to address just Total Package Fielding (TPF) transactions to track equipment in-

transit from the Program Management office to the unit.

Date	Task Description	OPR	Status
January 2008	USAAA Closed the Financial Reporting of Equipment In-Transit Audit Report AA 96-156 Material Weakness and DA-G4 Re-scoped a New Material Weakness to Focus on Total Package Fielding In-Transits		Background
4 th Qtr FY 08			Background
2 nd Qtr FY 09	Developed Flowchart Detailing Equipment In-Transit Process; Revised AR 710-2 to Include Metrics for Closeout of In-Transit Records; Modified Command Supply Discipline Program Checklist to Include the Metrics	G-4	Complete
2 nd Qtr FY 10	Process retesting (Tollgate Control - Transition Brief: 19 October 09) APR 09 Submitted ECP for PBUSE to pull D6S (Receipt Documents); Converted to DRA and Inputted into DAS to Feed CCSS to Close Open Transactions; Actions Being Input into LMP to Ensure Closure of In-Transit Transactions. Initial Pilot Test Results Show an Improvement From 16% Closure Rates to 90% Closure Rates.	G-4	Complete
3 rd Qtr FY 10	Request USAAA Validation and Closure Following Tollgate Review AAA conducted entrance brief with key players for audit validation.	AAA	On track



Reporting of New Equipment In-Transit (Con't)

Description: The U.S. Army lacks internal controls to adequately monitor the shipment and receipt of equipment through the Supply System resulting in unreliable data on the value reported on the U.S. Army's financial statements. This error makes it difficult to gain visibility over the total number of major items, determine maintenance requirements, and redistribute equipment. AAA and G4 restructured the weakness in 2008 to address just Total Package Fielding (TPF) transactions to track equipment in-

transit from the Program Management office to the unit.

Date	Task Description	OPR	Status
4 th Qtr, FY 10	LMP TPF Document creation/generation developed and fielded to the LCMCs.	AMC/Army G-4	Open
1 st Qtr, FY 11	Develop management control process for validation of manual closure of LMP TPF documents. Investigate design for an automated fix.	AMC/Army G-4	Open
2 nd Qtr, FY 11	Monitor manual closure of TPF documents in LMP.	AMC/Army G-4	Open
3 rd Qtr, FY 11	Map the financial process for in transits from LMP and PBUSE/GCSS-Army to GFEBS.	ASA-FMC/AMC Army G-4	Open
2 nd Qtr, FY 12	Test the financial reporting of equipment from LMP and PBUSE/GCSS-Army to GFEBS.	ASA-FMC/AMC Army G-4	Open
3 rd Qtr, FY 12	USAAA validates closure of weakness for the financial reporting of equipment in transit of major end item new equipment fielding.	AAA	Open
Targeted Correction Date: 3rd Qtr FY 12			



Logistics Asset Visibility and Accountability



Description: DOD does not have adequate visibility over all equipment and supplies transported to, within, and from the theaters of operations in support of OIF.

Date	Task Description	OPR	Status
4 th Qtr FY 04	RE: GAO letter dated 18 DEC 03, Subject: Defense Logistics Observation on the Effectiveness of Logistics Activities During OIF, (GAO-04-305R).	Army G-4	
FY 04 - present	DOD memorandum, dated 30 Jul 04, mandated the use of active Radio Frequency Identification (RFID) tags on all container shipments.	DUSD	Completed
	Installation of RF ITV infrastructure; RFID read/write sites (currently over 8K)	PM J-AIT/ArmyG-4	Completed
	-Established RF ITV Server (National, Europe, SWA, Pacific) to track assets	PM J-AIT/ArmyG-4	Completed
	-RFID integrated into Standard Army Retail Supply System (SARSS)	Army G-4	Completed
2 nd Qtr FY 06	-Fielding of TC AIM II, PBUSE, Portable Deployment Kits/Movement Tracking System Plus to read/write active RFID tags	Army G-4	Completed
2 nd Qtr FY 07-4 th Qtr FY 08	CENTCOM regulation 700-4, Subject: Logistics Automatic Identification Technology and ITV, dated 23 Jan 06.	CENTCOM J-4	Completed
2 nd Qtr FY 09	Army published AR 56-4; Distribution of Materiel and Distribution Platform Management, dated Mar 07. AR 700-80; Army In-Transit Visibility, dated Aug 08.	Army G-4	Completed
2 nd Qtr FY 09	On 5 Feb 09 Army G4 Directorate (DALO-FPDZ) requested AAA (SAAG-ALZ) validate corrective actions and close the materiel weakness.	CENTCOM/ ARCENT/Army G-4	Completed
	CENTCOM/ARCENT and Army G4 published message/guidance of using and attaching Container Intrusion Detection Device (CIDD) active RFID tags on unit move containers deploying/redeploying to and from AOR.		
	•Above policy, technology, training, and information provides adequate visibility and accountability of Army's materiel.		

Targeted Correction Date: 4th Qtr FY 11



Logistics Asset Visibility and Accountability (Con



Description: DOD does not have adequate visibility over all equipment and supplies transported to, within, and from the theaters of operations in support of OIF.

Date	Task Description	OPR	Status
	RE: GAO letter dated 18 Dec 03, Subject: Defense Logistics Observation on the effectiveness of Logistics Activities During OIF, (GAO-04-305R).	Army G-4	
2 nd Qtr FY 10		Army G-4	Completed
	Met with AAA to discuss closure of material weakness: Army to submit memo to AAA asserting corrective actions.		
2 nd Qtr FY10		Army G-4	Completed
	Conducting internal coordination/staffing of memo to AAA for closing material weakness, anticipate signature 19 Apr 2010.		
3 rd Qtr FY 10		Army G-4	Open
	Memo 'asserting corrective actions' completed and forwarded to AAA for closing materiel weakness.		
4 th Qtr FY 10		AAA	Open
	AAA begins assertion and validation for closure of material weakness.		
1 st Qtr FY 11		Army G4	Open
	Complete AAA validation of Army In-transit visibility systems, policies and procedures.		
Targeted Correction Date: 4th Qtr FY 11			



Reporting Accurate Obligations for the Permanent Change of Station (PCS) Program

Description: An automated solution does not currently exist to obligate PCS orders when issued (a DoD FMR and fiscal law requirement) with reliable cost estimates and to reconcile obligations with disbursements. This situation makes it extremely difficult to ensure adequate funds are available to cover disbursements after fiscal year end close, and as a consequence, the Army is vulnerable to ADA violations.

Date	Task Description	OPR	Status
4 th Qtr, FY 2010	Identify the PCS program as a material weakness.	ASA(FM&C)	Complete
4 th Qtr, FY 2010	Receive IRB/APMS Certification for Department of the Army Mobilization Processing System (DAMPS).	G-3	On track
4 th Qtr, FY 2010	Reconvene stakeholders involved in the current process to develop interim improvements to the managerial controls that could be implemented while the software solution is being developed.	ASA(FM&C), HRC, G-1, G-4, DFAS	
4 th Qtr, FY 2010	Begin PCS project. Amy will develop a business process and system capable of recording a unique obligation at the time of PCS order issuance. Completion will correct the managerial internal control weakness.	ASA(FM&C), G-1, HRC	
4 th Qtr, FY 2010	Establish a memorandum of understanding with six sites selected for pilot program.	ASA(FM&C), G-1	
4 th Qtr, FY 2010	Establish a memorandum of understanding with HQDA staff elements to delineate the supporting roles and responsibilities necessary to resolve the material weakness.	ASA(FM&C)	
1 st Qtr, FY 2011	Procure necessary funds through the development of a business case and presentation through the BRP.	ASA(FM&C), G-1	
1 th Qtr, FY 2011		ASA(FM&C), G-1	



Reporting Accurate Obligations for the Permanent Change of Station (PCS) Program

Date	Task Description	OPR	Status
1 st Qtr, FY 2011	Begin software development through engagement of PCS subject matter experts and pilot site personnel.	ASA(FM&C), G-1, HRC, G-4	
3 rd Qtr, FY 2011	Completion of software development.	ASA(FM&C), G-1	
3 rd Qtr, FY 2011	Begin self assessment of timeliness of PCS obligations at the pilot sites.	ASA(FM&C), G-1, HRC, DFAS	
4 th Qtr, FY 2011	Request USAAA to audit results of pilot sites.	ASA(FM&C), G-1, USAAA	
1 st Qtr, FY 2012	Decision Point - Assessment of system to begin training and development to additional sites.	ASA(FM&C), G-1, HRC	
3 rd Qtr, FY 2012	Receive results from USAAA and based on a statement of reasonable assurance;	ASA(FM&C), G-1, HRC	
2 nd Qtr, FY 2013	Resolution of managerial weakness.		
Targeted Correction Date : 2nd Qtr FY 2013			

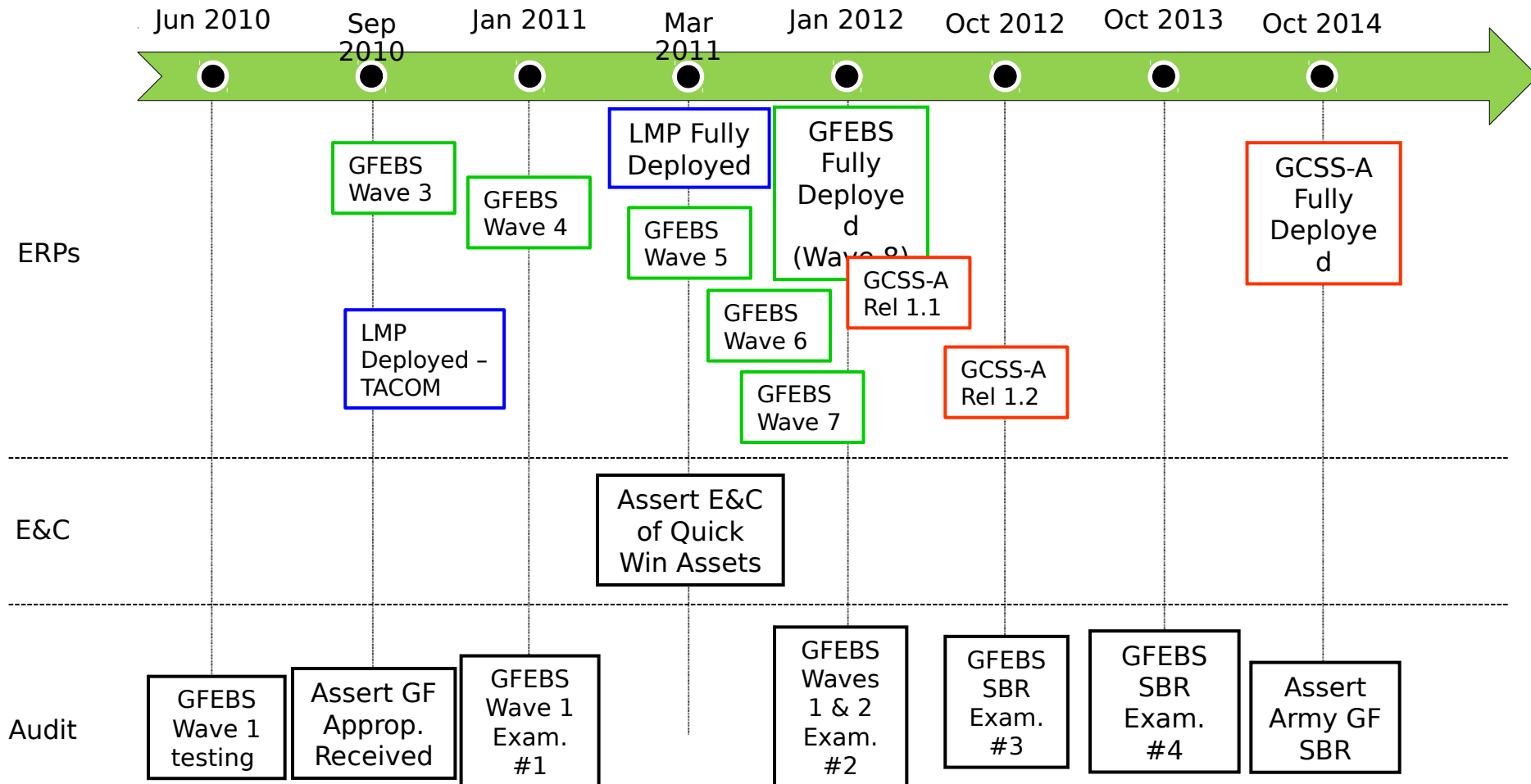


Material Weaknesses – Internal Controls Over Financial Reporting (ICOFR)

- Army currently reports 24 auditor-identified financial reporting material weaknesses for both General Fund (GF) and Working Capital Fund (WCF).
- These weaknesses transcend nearly every business process in the Army and manifest themselves in the financial statements.
- The Army's financial improvement plan (FIP) guides the actions necessary to correct these weaknesses.
- Functional proponents develop tactical plans to support the Army FIP.



Auditability Timeline





FY09 Auditor Identified Weaknesses

- Financial Management Systems
- Fund Balance with Treasury
- Accounts Receivable
- Inventory and Related Property
- General Property, Plant, and Equipment
- Accounts Payable
- Environmental Liabilities
- Statement of Net Cost
- Intragovernmental Eliminations
- Abnormal Account Balances
- Accounting Adjustments/Other Accounting Entries
- Statement of Budgetary Resources
- Reconciliation of Net Cost of Operations to Budget
- Contingency Payment Audit Trails



Financial Management Systems (GF and AWCF)

Description: Army accounting systems lack a single, standard transaction-driven general ledger.

Date	Task Description	OPR	Status
4 th Qtr FY10	Formally request an FFMIA compliance re-audit on PBUSE from AAA (Army GE FIP, WBS 3.4.4.14) Targeted Correction Date: 4th Qtr, FY 15	OASA(FM&C)	OASA(FM&C) is on track to engage AAA to review PBUSE data by 4 th Qtr FY 10.



Fund Balance with Treasury (GF)

Description: Appropriation balances recorded in the accounting records do not agree with balances held at Treasury.

Date	Task Description	OPR	Status
4 th Qtr FY12	Implement sustainable process to report Fund Balance with Treasury (FBWT) to include the reconciliation between the Army's balance and the balance at the Department of the Treasury (Army FBWT FIP, WBS 3.1.2) Targeted Correction Date: 2nd Qtr, FY 14	OASA(FM&C)	OASA(FM&C), OUSD(C), and DFAS have begun an intense effort to identify GF FBWT data, system, and process deficiencies. Effort will include a manual reconciliation of one month of one Treasury symbol to identify inputs and outputs of Treasury reconciliation process. Initial discovery effort should take 12-18 months.



Inventory (AWCF)

Description: The systems do not maintain historical cost data to comply with Statement of Federal Financial Accounting Standard No. 3. The systems also are unable to produce financial transactions using USSGL.

Date	Task Description	OPR	Status
4 th Qtr FY10	Re-validate that installations are correctly performing physical inventory counts in accordance with AR 740-26 and other applicable guidance (Army Inventory FIP, WBS 3.1.9.3)	AMC	Awaiting verification from AMC G-3 to determine whether physical inventory reconciliations are occurring.
1 st Qtr FY11	Value inventory at Moving Average Cost (MAC) for Depot Maintenance (Army Inventory FIP, WBS 3.1.2.1)	AMC	LMP deployed to AMCOM on 5/14/09. LMP is currently at 67% deployment and on schedule for 1 st Qtr FY11 FOC.
1 st Qtr FY13	Reconcile over-aged inventory in-transit (Army Inventory FIP, WBS 3.1.4.2)	AMC	LMP deployed to AMCOM on 5/14/09. LMP is currently 93% complete on reconciliation efforts.
2 nd Qtr FY14	Monitor & achieve 100% visibility of inventory in-transit (Army Inventory FIP, WBS 3.1.4.1)	AMC	LMP deployed to AMCOM on 5/14/09. LMP is currently at 67% visibility of inventory in-transit.
Targeted Correction Date: 4th Qtr FY15			



Operating Materials and Supplies (GF)

Description: The systems do not maintain historical cost data to comply with Statement of Federal Financial Accounting Standard No. 3. The systems also are unable to produce financial transactions using USSGL.

Date	Task Description	OPR	Status
4 th Qtr FY10	Perform physical inventory counts in accordance with the AR 740-26 and other applicable guidance (Army OM&S FIP, WBS 3.1.1.5)	AMC	Inventories 31% complete as of 3/31/10 . Anticipate completion date to move right as far as 2 nd Qtr FY14.
4 th Qtr FY10	Ensure adherence to governance requirements for field level physical inventory process. (Army OM&S FIP, WBS 3.1.1.6)	AMC	Inventories 31% complete as of 3/31/10. This task will move in tandem with 3.1.1.5 as needed.
4 th Qtr FY10	Reconcile and monitor in-transit OM&S in LMP (Army OM&S FIP, WBS 3.1.12.4)	AMC	Reconciliation of in-transit OM&S in LMP 6% complete as of 3/31/10.
4 th Qtr FY10	Record a 100% revaluation allowance on OM&S received for disposal and post transactions to the excess accounts (USSGL 1513 or 1524) at MAC in LMP (Army OM&S FIP, WBS 3.1.14.1)	AMC	Revaluation allowances posted in LMP 19% complete as of 3/31/10.
4 th Qtr FY12	Provide audit readiness validation plan (Inventory and Related Property) to OASA(FM&C) (Army OM&S FIP, WBS 1.7.3)	G-4	G-4 personnel turnover has caused delays in developing & finalizing the audit readiness validation plan.
	Targeted Correction Date: 4th Qtr FY15		



General PP&E - General Equipment (GF and AWCF)

Description: Data contained in property accountability systems is not accurate.

Date	Task Description	OPR	Status
4 th Qtr FY10	Conduct review to verify the accuracy of the personal property data within PBUSE (SFFAS #6, SFFAS #3) (Army GE FIP, WBS 3.1.1.1.2.1.7)	AAA	OASA(FM&C) is on track to engage AAA to review PBUSE data by 4 th Qtr FY 10.
4 th Qtr FY10	Formally request an FFMIA compliance re-audit on PBUSE from AAA (Army GE FIP, WBS 3.4.4.14)	OASA(FM&C)	OASA(FM&C) is on track to engage AAA to review PBUSE data by 4 th Qtr FY 10.
2 nd Qtr FY11	Assert Existence and Completeness (E&C) of quick win mission critical assets (Army GE FIP, WBS 3.1.1.1.2.8.1.2.1.1)	OASA(FM&C)	Travel teams deployed to conduct E&C discovery and evaluation work of Army defined "quick-win" asset (fire & rescue equipment).
	Targeted Correction Date: 2nd Qtr FY 14		



General PP&E - Military Equipment (GF)

Description: Military Equipment is not recorded at acquisition or historical cost.

Date	Task Description	OPR	Status
4 th Qtr FY10	Develop functionality within Financial Statement Tool (FST) to financially report military equipment	OASA(FM&C)	The ME-FST user interface, data migration, beta testing and report generation all function properly and can be utilized for Army's military equipment financial reporting. Currently awaiting Authority to Operate by CIO/G-6 in order to go-live. Continued developing DIACAP Implementation Plan for CIO-/G-6 approval. Exploring mapping of data between ME-FST data and PBUSE. AAA has not initiated reconciliation process or provided a revised completion date. OASA(FM&C) and Army G-4 adjusted the ME "quick-win" assets to include 97% of Aviation Command assets.
2 nd Qtr FY11	Reconcile Military Equipment with Army logistical/ accountability and accounting systems of record (Army ME FIP, WBS 3.11)	AAA	
2 nd Qtr FY 11	Assert Existence and Completeness (E&C) of quick win mission critical assets (Army ME FIP, WBS 3.13.10.1.2.1.1) Targeted Correction Date: 2nd Qtr FY12	OASA(FM&C)	



General PP&E - Real Property (GF and AWCF)

Description: Real Property is not recorded at acquisition or historical cost and did not include all costs

needed to bring the assets to a form and location suitable for their intended use.

Date	Task Description	OPR	Status
4 th Qtr FY 12	Compile source documentation for all capitalized real property. (Army RIP FIP, WBS 3.1.2)	OACSIM	OACSIM continues to execute the audit readiness handbook in support of improving real property data integrity.
4 th Qtr FY 12	Implement sustainable business process to report Real Property (Army RP FIP, WBS 3.1.3)	OACSIM	OACSIM continues to execute the audit readiness handbook in support of improving real property data integrity.
1 st Qtr FY 11	Obtain AAA certification that PRIDE Web substantially complies with all identified requirements based on the current version of the DFAS Blue Book and JFMIP (Army RP FIP, WBS 3.1.5.10)	ARNG	ARNG expects to undergo an FFMIA compliance audit during CY 2010 and currently has a team in place to finish by 12/31/10.
1 st Qtr FY 11	Conduct FFMIA compliance audit on the added PRIDE Web enhancements and provide report on the system compliance status (Army RP FIP, WBS 3.1.5.11)	AAA	ARNG expects to undergo an FFMIA compliance audit during CY 2010 and currently has a team in place to finish by 12/31/10.
	Targeted Correction Date: 4th Qtr FY 13		



Environmental Liabilities (GF)

Description: The Army needs improvement in properly estimating and reporting its environmental liabilities.

Date	Task Description	OPR	Status
4 th Qtr FY10	Provide audit readiness validation plan for Active Installations-Installation Restoration Program (IRP) Building Demolition and Debris Removal (DB/DR), Active Installations Military Munitions Response Program (MMRP), Formerly Used Defense Sites (FUDS) IRP and BD/DR, FUDS MMRP, Non-Base Realignment and Closure (BRAC) Environmental Corrective Action (ECA), Non-BRAC Environmental Response at Operational Ranges, Non-BRAC Asbestos (Army EL FIP, WBS 3.1.6, 3.2.8, 3.3.5, 3.4.7, 3.5.5, 3.7.5, 3.8.4)	OACSIM	AAA has performed attestation efforts for select EL programs. These efforts, combined with anticipated validation efforts in FY 10, will provide input for the audit readiness plans.
1 st Qtr FY 11	Provide audit readiness validation plan for BRAC IRP, BRAC (MMRP), BRAC Environmental Corrective Action/Closure Requirements (ECA/CR), BRAC Asbestos (Army EL FIP, WBS 3.11.6, 3.12.8, 3.13.6, 3.14.6)	OACSIM	AAA review currently underway. OACSIM will request AAA to perform an attestation in FY 10.
1 st Qtr FY 11	Provide audit readiness validation plan for Military Equipment/Weapons Programs: Non-Nuclear Powered Military Equipment, Other National Defense Weapons Systems (Army EL FIP, WBS 3.15.4, 3.16.4)	OASA(ALT)	OASA(ALT) waiting for FASAB to finalize guidance on the reporting process for disposal liabilities.
Targeted Correction Date: 4th Qtr FY 12			



Intragovernmental Eliminations (GF and AWCf)

Description: DoD is unable to collect, exchange, and reconcile buyer and seller Intragovernmental transactions, resulting in adjustments that cannot be verified.

Date	Task Description	OPR	Status
4 th Qtr FY 09 OBE	Working with OUSD(C) and BTA to determine feasibility of an OSD enterprise solution	OASA(FM&C)	The IVAN program is being dismantled and Army is responsible for an enterprise solution. Treasury guidance will address information deficiencies & replace DD448 (MIPR) with a standard document for all Federal agencies.
1 st Qtr FY 11	Full operational capability of LMP	AMC	LMP on schedule for 1 st Qtr FY 11 FOC.
2 nd Qtr FY 12	Full deployment of GFEBS	OASA(FM&C)	GFEBS on schedule for 2 nd Qtr FY 12 deployment. OASA(FM&C) attended a briefing by GFEBS with a full deployment date of 1/31/12.
	Targeted Correction Date: 4th Qtr FY 12		



Accounting Adjustments (GF) / Other Accounting Entries (AWCF)

Description: DFAS made unsupported journal voucher entries (adjustments) in preparation of the GF and AWCF financial statements. The Army does not possess adequate support for these

Date	Task Description	adjustments. OPR	Status
1 st Qtr FY 11	Full operational capability of LMP	AMC	LMP on schedule for 1 st Qtr FY 11 FOC.
2 nd Qtr FY 12	Full deployment of GFEBS	OASA(FM&C)	GFEBS on schedule for 2 nd Qtr FY 12 full deployment.
	Targeted Correction Date: 2 nd Qtr FY12		



Accounts Receivable (GF)

Description: The Army has acknowledged weaknesses in its management of Accounts Receivable. This affects both public and intragovernmental receivables.

Date	Task Description	OPR	Status
1 st Qtr FY 10	Accurately Record Accounts Receivable due to criminal and civil fraud recovery (Public) (Public) (DFAS AP Financial Improvement Plan, 1.2.9) Targeted Correction Date: 2nd Qtr, FY 13	TJAG	MOA was staffed between DFAS, DOJ, OTJAG and CID, but signature by DFAS was delayed due to priority. Task is 84% complete.



Accounts Payable (GF and AWCF)

Description: The Army is unable to properly account for and report Accounts Payable.

Date	Task Description	OPR	Status
Completed (12/31/2009)	MOCAS clean-up activity periods 3,4 & 5 (DFAS AP Financial Improvement Plan, WBS 3.6.5.5.3, 3.6.5.5.4, 3.6.5.5.5)	DFAS	DFAS Standards & Compliance, AP completed all MOCAS clean-up activity periods. DFAS is monitoring progress to ensure FY10 compliance with established goal (\$29M).
Completed (3/31/2010)	MOCAS clean-up activity period 6 (DFAS AP Financial Improvement Plan, WBS 3.6.5.5.6)	DFAS	
Completed (3/31/2010)	Maintain and modify standard procedures for reconciling Accounts Payable (DFAS AP Financial Improvement Plan, WBS 3.6.5.6)	DFAS	
2 nd Qtr FY 12	GFEBs release 1.3 to replace Computerized Accounts Payable System (CAPS) (Army Other FIP, WBS 3.6.4.5.7.4)	OASA(FM&C)	DFAS Standards & Compliance, AP completed the standard procedure for reconciling MOCAS transactions. Version control is in place when enhancements are discovered.
	Targeted Correction Date: 3rd Qtr, FY 13		GFEBs release 1.2 subsumed CAPS functionality for current payables. Task was pushed to 12/31/11 to coincide with GFEBs FOC date.



Statement of Net Cost (GF and AWCF)

Description: The financial information contained in the Statement of Net Cost is not presented by programs that align with major goals and outputs described in the DoD strategic and performance plans required by the GPRA

Date	Task Description	OPR	Status
1 st Qtr FY 11	Full operational capability of LMP	AMC	LMP on schedule for 1st Qtr FY 11 FOC.
2 nd Qtr FY 12	Full deployment of GFEBS	OASA(FM&C)	GFEBS on schedule for 2 nd Qtr FY 12 full deployment.
	Targeted Correction Date: 2nd Qtr FY 12		



Abnormal Account Balances (GF and WCF)

Description: DFAS Indianapolis did not detect, report, or take action to eliminate abnormal balances included in the Army General Fund and Army Working Capital Fund accounting records.

Date	Task Description	OPR	Status
1 st Qtr FY 11	Full operational capability of LMP	AMC	LMP on schedule for 1 st Qtr FY 11 FOC.
2 nd Qtr FY 12	Full deployment of GFEBS	OASA(FM&C)	GFEBS on schedule for 2 nd Qtr FY 12 full deployment.
	Targeted Correction Date: 2nd Qtr FY12		



Statement of Budgetary Resources (GF and AWCF)

Description: The Army accounting systems do not provide or capture data needed for obligations incurred or prior year obligations recovered in accordance with OMB Circular No. A-11.

Date	Task Description	OPR	Status
4 th Qtr FY 10	Assert Appropriations Received	OASA(FM&C)	OUSD(C) has provided resources to prepare appropriations received assertion package. Assertion is on track as scheduled for 4 th Qtr FY 10.
2 nd Qtr FY 11	Complete discovery of SBR assessable units. (Civilian Pay, Military Pay)	OUSD(C)	OUSD(C) has provided resources to conduct discovery efforts.
2 nd Qtr FY 11	Complete discovery, testing and evaluation of GFEBS Wave 1 sites.	OASA(FM&C)	Completed discovery efforts at Forts Jackson, Benning and Stewart in April/May 2010. Testing begins in July 2010.
2 nd Qtr FY11	Begin IPA-led SBR-related attestation examination of GFEBS Wave 1 sites	OASA(FM&C)	OASA(FM&C) working with OUSD(C) to establish this effort.
2 nd Qtr FY 12	Full deployment of GFEBS	OASA(FM&C)	GFEBS on schedule for 2 nd Qtr FY 12.
1 st Qtr FY 13	Initial assertion of GFEBS-only SBR	OASA(FM&C)	GFEBS on schedule for 2 nd Qtr FY 12 full deployment.
	Targeted Correction Date: 2nd Qtr FY 12		



Reconciliation of Net Cost of Operations to Budget (GF and AWCF)

Description: The Army General Fund and Working Capital Fund are unable to accurately represent the relationship between budgetary obligations incurred and its Statement of Net Costs.

Date	Task Description	OPR	Status
1 st Qtr FY 11	Identify all responsibility segments and reportable cost centers within DoD (Army Other FIP, WBS 3.2.1.1.1.4)	OUSD(C)	OASA(FM&C) is working to determine the validity of this task.
1 st Qtr FY 13	Prepare note to the financial statements for adjustments for offsetting charges for current period general PP&E clean-up cost (Army Other FIP, WBS 3.2.1.1.1.13)	OASA(ALT)	Army currently does not have a system of record to capture general equipment clean up costs.
	Targeted Correction Date: 2nd Qtr, FY 12		



Contingency Payment Audit Trails (GF)

Description: The maintenance of substantiating documents by certifying and entitlement activities creates significant challenges in tracing audit trails for support of Army General Fund

Date	Task Description financial statements.	OPR	Status
2 nd Qtr FY11	Correct identified deficiencies in Contingency Payment Audit Trails (Army Other FIP, WBS 3.7.2.9)	OASA(FM&C)	97.6% of 206,000 disbursement vouchers included required documentation, signatures, and data elements when initially received by DFAS Rome.
2 nd Qtr FY11	Implement auditor recommendations from audit report A-2009-0173-ALL- Audit of controls over vendor payments -Kuwait (phase I-US Army Contracting Command, Southwest Asia, Camp Arifjan, Kuwait) (Army Other FIP, WBS 3.7.2.9.1)	OASA(FM&C)	Due to recent discussions between AAA and OASA(FM&C), this weakness may be closed out and re-opened as multiple material weaknesses, based on the results of an on-going AAA audit. OASA(FM&C) will continue to monitor progress until instructed otherwise by AAA.
Targeted Correction Date: 2nd Qtr FY 11			



Way Ahead

Tentative Date for 1st Qtr SLSG is 28 Oct 2010

Draft Guidance for FY11 Statement of Assurance release targeted for 30 Sep 2010



4th Quarter Senior Level Steering Group

BACKUP INFORMATION



Army National Guard Equipment Tracking Accomplishments FY10

During FY2010 the Army Stood up a Transparency General Officer Steering Committee (GOSC) and two IPTs. Army G8 leads both the GOSC and one of the IPTs and Army G4 leads the other. The Army G8 IPT (Financial Synchronization and Transparency IPT) is focused on collecting data on selected programs to track Equipment procurements from Request to Delivery. This IPT started with data collection involving 30 programs that by the end of FY2010 will increase to approximately 168 programs. The data collection involves ASA(FMC), ASA(ALT) Program Managers, Army G8, and the Reserve Components. Data Collection supports the production of the Equipment Delivery Report. Four Reports have been provided to OSD.

In addition the Transparency GOSC is sponsoring five special IPTs aimed at establishing specific transparency oriented policy and procedures. One IPT for improving the accuracy and consistency of component level funding and quantity allocations data on Congressional Budget Justification documents. Two IPTs for developing the policy and procedures for determining and calculating the allocations of funding and quantity to components in the Planning stages (POM Development) and execution year change management. The other IPTs are oriented on automation path forward for streamlining and improving transparency. The Delivery IPT sponsored by the Army G4 is working on establishing policy, procedures and methods of certifying receipt of equipment. The major effort in FY2010 has been the inclusion of IUID in PBUSE and the path forward to ensure the Army can track



ARNG Equipment Tracking Material Weakness Response

- The Army G-8 agrees that a materiel weakness exists but does not believe it should be addressed by the Secretary of the Army in his narrative.
- The material weakness pertains to the Chief, National Guard Bureau's requirement in USC 10, Sec. 10541 to provide a statement each year certifying what items for which funds were appropriated and which were due to be procured during the previous fiscal year were not received by a National Guard unit as of the close of that fiscal year. In order to do this the ARNG must be able to determine what items were received from PMs, when they were received, and which appropriation they came from.
- Using the Army's current systems, neither HQDA nor the ARNG HQ can readily and accurately determine what equipment was received from new production, when it was received it, and from which appropriation it came.
- The Army, in coordination with the ARNG, is working to overcome this deficiency. Although current systems do not easily provide the required information, it is possible, with the proper knowledge and training, to determine what new equipment is delivered to ARNG units and how it was funded.
- Specifically, the ARNG currently receives equipment from Program Managers through Lateral Transfers for items fielded to ARNG units by LIN, quantity, and time period. U.S. Property and Fiscal Officers can systematically verify the data based on transaction records established by Property Book Officers (PBOs) to certify acceptance of accountable equipment. Regardless of whether they establish accountability via PM lateral transfer or unit asset adjustment the PBO is required and has the ability to declare who they received the item from in the losing UIC and/or losing DoDAAC field. This data, if the PBO enters it, is readily available and is accurate.
- The ARNG also has access to information regarding which appropriation funded the equipment came from. Contracting Officer representatives and others with access to Wide Area Work Flow (WAWF) and the Army Business Center for Acquisition Systems' (ABCAS) Standard Procurement System (SPS) and Army Contracting Business Intelligence System (ACBIS) have the ability to determine the appropriation that funded every item based on the item's Unique Item Identifier (UII). UIIs are encoded in a machine readable data matrix permanently affixed or inscribed on all newly procured items and every ARNG unit has a hand held terminal able to read the matrix and upload the UII in PBUSE.
- The Army's intent is to simplify the processes and procedures and couple them with new material solutions in order to have a single means to see all of the required information in one place. The Army believes that